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Zapatero Addresses US Business Interests in ABC Speech

1.(U) Speaking to CEOs of U.S. companies belonging to the American Business Council (ABC), President Zapatero on the evening of October 21 addressed issues of concern to U.S. firms. He said the GOS was ready to start the process of renegotiating the 1990 bilateral double taxation treaty. He also acknowledged that Spain's IPR protection regime needed improvement, saying that this was an issue of concern to both governments. He welcomed (currently stalled) efforts by ISPs and content providers to find a solution that respected property rights while encouraging development of the information society. He emphasized that the interministerial commission recently established by the Council of Ministers would present before the end of the year "a satisfactory proposal" for action. Zapatero also said that the GOS and the Obama Administration had agreed to study the creation of a bilateral forum on investment and economic cooperation that would include representatives of the two governments, the main U.S. investors in Spain, and the main Spanish investors in the U.S. He said the forum would address areas including renewable energy, energy efficiency, public transportation, information/communication technology, aviation, biotechnology, and health. Zapatero cast each of these efforts in the context of a GOS push to encourage U.S. investment in Spain and Spanish investment in the U.S.

2.(SBU) Comment: The event was clearly a result of the GOS' pleasure with Zapatero's Oval Office meeting last week. The Presidency told the ABC at the end of last week that Zapatero would speak at its previously planned event, and it brought along several ministers and Secretaries of State and an impressive media contingent. GOS officials told us how pleased they were with the Washington visit, and they are working actively on proposals for the bilateral investment forum. At a reception afterwards, Zapatero stayed far longer than the planned 10 minutes discussing business issues, and ministers and Presidency officials emphasized their interest in addressing USG and business concerns on investment-related

issues. (Embassy, 10/22)

Opposition Parties Criticize 2010 Budget Bill

3.(U) Conservative and leftist opposition parties alike criticized the Socialist government in the Congress of Deputies on October 20, the first day of debate on the Zapatero Administration's proposed 2010 budget. Opposition leader Mariano Rajoy of the conservative Popular Party called the proposal "a piece of junk" that "masks reality, abuses the economy and endangers everyone." He said lambasted the bill as "deadly for the middle class and workers." The Catalan Republican Left (ERC) likewise attacked the bill for not doing enough to fight unemployment. Media reports suggest that Socialists, minority government is counting on the support of the Basque Nationalist Party (PNV) and the Canary Islands Coalition to pass the bill. Despite the political theater, the budget bill did receive the number of votes needed to proceed to the next stage of consideration, and it is expected to be approved before the end of the year. (All Media, 10/21)

Q3 Unemployment Rate Flat at Just Under 18%

4.(U) The National Statistics Institute announced that the unemployment rate rose by 0.01% to 17.93% in the year's third quarter. This is the highest rate since 1998. The number of people with jobs actually fell by 75,000, and the unemployment rate was only flat because the number of unemployed people looking for work declined as well. Comment: The rate is expected to rise in the year's fourth quarter. (National Statistics Institute, 10/23)

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Foreign Tourist Arrivals Down Almost 10%

5.(U) The number of foreign tourist arrivals between January and September was 9.8% below the number who arrived in January-September 2008. There were fewer arrivals than in the same period of any year since 2004. (El Pais, 10/21)

Opel Unions Reach Preliminary Agreement with Magna; Fewer Job Cuts Anticipated

6.(U) Opel union representatives at Spain's Figueruelas plant have reached a preliminary agreement with Magna leaders, a necessary condition for GM's sale to Magna of a controlling stake in Opel. Industry Ministry Sebastian said that the agreement, which includes a ten-year industrial plan, guarantees the future of the plant. It will cut 900 Figueruelas workers, down significantly from the company's original proposal of 1,700, meaning a 12% reduction in the plant's current workforce of roughly 7,500. Workers are to vote on a referendum on October 26, including whether to call off four days of proposed strikes. (All Media, 10/23)

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